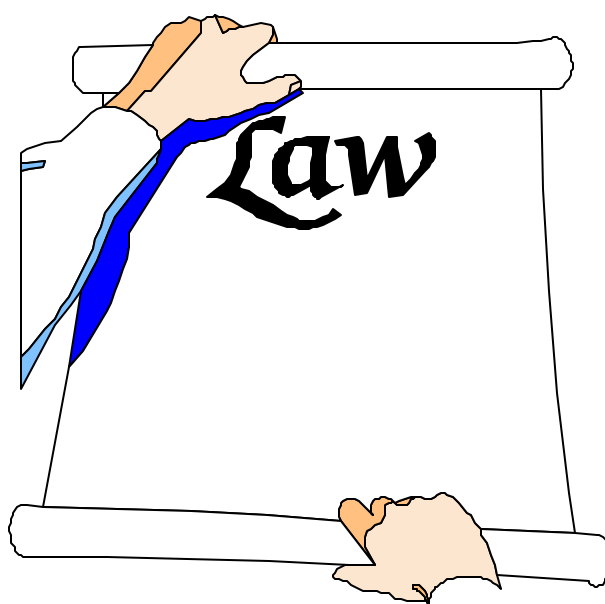


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Indiana Department of Financial Institutions

Your Rights

Instructor Guide



Building: Knowledge,
Security, and
Confidence

FINANCIAL EDUCATION CURRICULUM

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INSTRUCTOR INFORMATION

Before the Session

To properly present the Your Rights course, you should:

- Review all materials in the Instructor Guide and the Participant Take-Home Guide.
- Make copies of Participant Take-Home Guides.
- Copy slides (overheads) into transparencies or use PowerPoint Slide Presentation.
- When appropriate, prepare chart paper examples.
- Identify potential trouble spots in the exercises, as well as hints for assisting participants.
- Select and prepare anecdotes from real-world experiences that can be used to illustrate special scenarios, generate discussion, and maintain participant interest.

Materials and Equipment

- Transparency projector or Computer projection for PowerPoint Slide Presentations
- Your Rights transparencies or PowerPoint Slide Presentation
- Chart paper and easel
- Markers for chart paper and transparencies
- Name tents
- Pencils or pens for each participant
- Participant Take-Home Guides

Instructor Steps

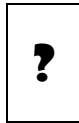
Step-by-step directions are provided for the instructor. The text below is an example of an instructor step:

Instructor Cue	Instructions
<div><p>You Will Know</p><hr/><ul style="list-style-type: none">● The laws that protect your rights as a banking consumer● Ways to avoid scams● Way to protect your identity● How to resolve complaints regarding your bank account<p>2</p></div> <p>Slide 2</p>	<ul style="list-style-type: none">▶ Show Slide 2 (You Will Know).▶ Review course objectives.

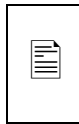
Generally, these steps enable the instructor to ask questions, provide explanations, show slides, hand out materials and introduce exercises.

Icons

Icons alert the instructor to discussion questions, exercises, transitions, and summaries. They appear in the left margin:



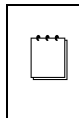
Ask questions or conduct a discussion.



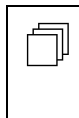
Distribute a hand out.



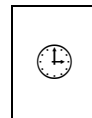
Explain.



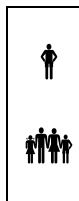
Report out exercise information or record the results of a brainstorm.



Refer to activity material.

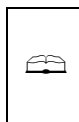


Allow Time

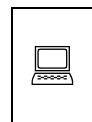


Indicate the beginning of an individual activity or exercise.

Indicate the beginning of a group activity or exercise.



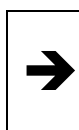
Read



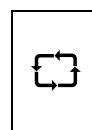
Web Sites for additional information.



Summarize an activity or check for understanding.



Transition to the next topic.



Summarize the course

YOUR RIGHTS

Objectives


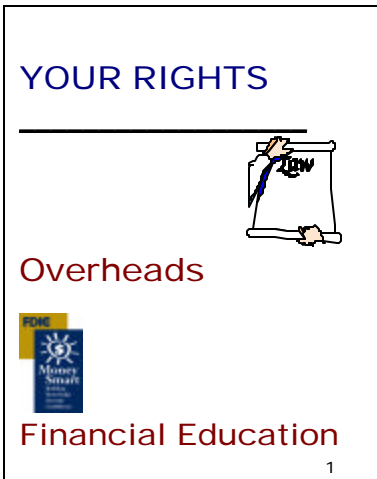

By the end of this course, participants will be familiar with their rights as banking consumers. To achieve this objective, participants will be able to:

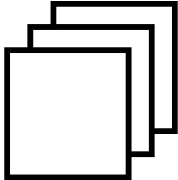
- Identify the laws that protect their rights as banking consumers
- Identify ways to avoid scams
- Identify ways to protect their identity
- Resolve complaints regarding their bank accounts

Time

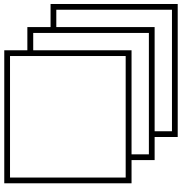


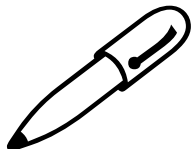

90 Minutes

Course Introduction



Instructor Cue	Instructions
	<p>▶ Before the start of the class, hand out the following materials to each participant:</p> <ul style="list-style-type: none"> ● Participant Take-Home Guide ● Name tent ● Pencil or pen
 <p>Slide 1</p>	<p>▶ Show Slide 1 (Your Rights).</p> <p>▶ “Welcome to Your Rights!” Introduce yourself (e.g., name, experience as an instructor or banker).</p> <p>▶ Explain: “By taking the Your Rights course, you are taking a step toward building a better financial future for you and your family. Knowing your rights and the laws that protect those rights can help safeguard your money.”</p>
	<p>▶ Explain: “This course provides general information on laws that protect consumers. Further information can be found by using the resources listed in your Take-Home Guide.”</p>


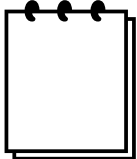

Instructor Cue	Instructions
<div data-bbox="199 342 570 787"> <p>You Will Know</p> <ul style="list-style-type: none"> ● The laws that protect your rights as a banking consumer ● Ways to avoid scams ● Way to protect your identity ● How to resolve complaints regarding your bank account <p>2</p> </div> <p>Slide 2</p>	<ul style="list-style-type: none"> ▶ Show Slide 2 (You Will Know). ▶ Explain: “By the end of the course, you will be familiar with your rights as a banking consumer. You will know: <ul style="list-style-type: none"> ● The laws that protect your rights as a banking consumer ● Ways to avoid scams ● Ways to protect your identity, and ● How to resolve complaints regarding your bank accounts.”
	<ul style="list-style-type: none"> ▶ Show the Participant Take-Home Guide to the class. ▶ Explain: “Each of you has a copy of the Your Rights Take-Home Guide which contains highlights of the course. We will be using this throughout the course. Take it home and use it as a reference.”



What Do You Know

Instructor Cue	Instructions
	<ul style="list-style-type: none"> ▶ Explain: “Take out the last page of your Take-Home Guide, the <i>What Do You Know</i> form.”
	<ul style="list-style-type: none"> ▶ Explain: “The <i>What Do You Know</i> form lets you measure how much you have learned from the course.”
	<ul style="list-style-type: none"> ▶ Read the instructions and walk the participants through each statement. ▶ Explain: “Complete the Before-the-Course column only. You will complete the other column at the end of the course.”
	<ul style="list-style-type: none"> ▶ Provide enough time for participants to complete the <i>What Do You Know</i> form. (2-3 minutes) ▶ Have participants put these forms aside until the end of the course when they will complete the <i>After-the-Course</i> column.
	<ul style="list-style-type: none"> ▶ Transition: “Federal bank regulatory agencies ensure that financial institution are following consumer protection, fair lending, and civil rights laws. Let’s get started by discussing some highlights of federal consumer protection laws.”



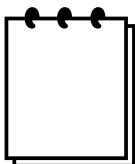
Federal Consumer Protection Laws


Instructor Cue	Instructions
	<ul style="list-style-type: none">▶ Explain: “There are many federal consumer protection laws. In fact there are too many to discuss in this course. You should, however, know that financial institutions must follow certain regulations.”
	<ul style="list-style-type: none">▶ Ask: “What are these regulations and how can they benefit you?”▶ Provide examples: “Here’s an example of how one person, Mary, benefited from learning about consumer protection laws. Mary had been considering opening a bank account. Since she would need to write many checks each month, Mary was excited when she found a bank that offered free checking accounts. After Mary learned about consumer protection laws, she realized she could ask for written information about this checking account. Mary found she could only write three checks a month and then would be charged for writing each additional check. Mary decided to look around for a checking account that better met her needs. After learning about financial institution regulations, Mary felt more confident about what information she was able to receive when looking for a bank account.”






Instructor Cue	Instructions
	<p>► Explain: “Here are some highlights of what will be discussed in this course. We will go into more detail with these laws later in the course.”</p>
	<p>► Write the following Federal Consumer Protection Laws on chart paper.</p> <ul style="list-style-type: none"> ● Truth in Savings Act ● Electronic Fund Transfer Act ● Equal Credit Opportunity Act ● Truth in Lending Act
	<p>► Explain: “Truth in Savings Act ³/₄ A financial institution must reveal, or disclose, the terms of consumer bank accounts. http://www.fdic.gov/regulations/laws/rules/8000-2700.html#8550.10</p> <p>Electronic Fund Transfer Act³/₄ A financial institution must limit consumer liability if ATM cards are stolen or lost. http://www4.law.cornell.edu/uscode/15/1693.html</p> <p>Equal Credit Opportunity Act³/₄ Lenders cannot discriminate against consumers, based on certain characteristics, when consumer apply for credit. http://www4.law.cornell.edu/uscode/15/1691.html</p> <p>Truth in Lending Act³/₄ Lenders must tell consumers how much it will cost them to borrow money. This allows consumer to compare costs.” http://www4.law.cornell.edu/uscode/15/1601.html</p>

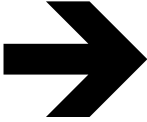
Instructor Cue	Instructions
	<ul style="list-style-type: none"> ▶ Ask: “Which of these Federal Consumer Protection Laws did Mary use in our example?” ▶ Answer: Mary used the Truth in Savings Act.
	<ul style="list-style-type: none"> ▶ Transition: “The four laws we just discussed are a sample of the laws that have been passed to protect consumer banking rights. We will now discuss laws that protect consumers when opening a deposit account.”

Deposit Regulations



Instructor Cue	Instructions
	<p>► Explain: “The Truth in Savings Act enables consumer to make informed decisions about bank accounts before opening a deposit account.</p> <p>Because of this law, banks must provide account disclosures to consumer upon request. Disclosures need to be clear and in writing, so the consumers can keep the information provided. This allows consumers to shop for the best account for them.”</p>
	<p>► Ask: “When looking for a bank account, what are questions you would ask about these accounts?”</p>
	<p>► Write the participant’s responses on the left side of the chart paper.</p> <p>► Explain: “Some of the required disclosure information banks must provide include interest rate information, balance requirements, and fee information.</p> <p>If a consumer telephones a bank to ask for interest rates on deposit accounts, the bank must state the annual percentage Yield, or APY. An APY is a percentage rate that reflects the effects of compounding.</p> <p>The APY should be used when making rate comparisons between different bank accounts.”</p>




Instructor Cue	Instructions
<div data-bbox="198 268 570 747"> <p>Deposit Regulations</p> <hr/> <ul style="list-style-type: none"> ● Truth in Savings Act ● Electronic Fund Transfer Act ● Expedited Funds Availability Act ● FDIC Deposit Insurance Regulations </div> <div data-bbox="331 747 418 781">Slide 3</div>	<ul style="list-style-type: none"> ▶ Show Slide 3 (Deposit Regulations). ▶ Explain: These are several of the laws that protect you when using your deposit account. <ul style="list-style-type: none"> ● Truth in Savings Act^{3/4} The Truth in Savings Act requires that banks send consumers periodic statements about accounts. ● Electronic Fund Transfer Act^{3/4} The Electronic Fund Transfer Act, or EFTA, establishes rights, liabilities, and responsibilities of customers who use electronic fund transfer services and the banks that offer these services. ● Expedited Funds Act^{3/4} The Expedited Funds Act limits the amount of time a bank can hold a check deposited into your checking account. To find out when your money will be available, ask your bank. http://www.fdic.gov/regulations/laws/rules/6500-3240.html#7424 ● Federal Deposit Insurance Regulations FDIC ^{3/4} FDIC insurance protects each depositor's money in the event that the bank fails. FDIC does not insure nondeposit investment products, such as stocks, bonds, mutual funds, and annuities.” http://www.fdic.gov/regulations/laws/index.html
	<ul style="list-style-type: none"> ▶ Explain: “If you have any questions or problems with your deposit account, write a letter to your financial institution. If you don’t receive a response, contact your bank’s regulatory agency. Regulatory agencies are listed on page 13 of your Take-Home Guide.”


Instructor Cue	Instructions
	<ul style="list-style-type: none"> ▶ Explain: “I am going to describe two situations. Choose the law that protects the banking customer described.” ▶ Situation 1: “John deposits his paycheck into his checking account. He then tries to make a withdrawal from the ATM and finds the money he just deposited is not available. John calls the bank and finds his check has been held.”
	<ul style="list-style-type: none"> ▶ Ask: “What law requires the bank to notify you your check has been held?” ▶ Answer: Expedited Funds Availability Act
	<ul style="list-style-type: none"> ▶ Situation 2: “Theresa has been using her debit card to pay for groceries. One day while shopping, she couldn’t find her debit card. Theresa quickly called her bank.”
	<ul style="list-style-type: none"> ▶ Ask: “What law establishes her rights and liabilities when using her debit card?” ▶ Answer: Electronic Fund Transfer Act
	<p>“Visit the Indiana Department of Financial Institutions’ Web Sites on Banking at: http://www.dfi.state.in.us/conscredit/CIbanking.htm.</p> <p>Also see DFI Mini-Lesson on Banking Basics at: http://www.dfi.state.in.us/conscredit/MiniLessons/banking_basicsMini.htm,”</p>

Instructor Cue	Instructions
	<p>► Transition: “We have just discussed the laws that protect consumers when opening and using a deposit account. Now, let’s discuss how to protect your investments when using nondeposit investment products.”</p>



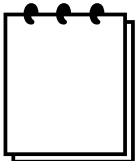

Nondeposit Investment Products

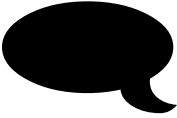
Instructor Cue	Instructions
	<p>► Explain: “Some banks sell nondeposit investment products, such as mutual funds, annuities, stocks, and bonds. These products are not insured by the FDIC.</p> <p>When deposits are insured by the FDIC, the FDIC will pay up to \$100,000 if the bank fails. The following is an example of an FDIC-Insured Deposit Versus a nondeposit investment product not insured by the FDIC.</p> <p>► Example: “Robert had a \$10,000 certificate of deposit, or CD. Michelle bought a \$10,000 mutual fund at the same bank. The bank fails. The FDIC will make sure Robert gets his \$10,000 back.</p> <p>FDIC insurance does not cover Michelle’s mutual fund. However, the Securities Investor Protection Corporation, or SIPC, does provide important protections against certain losses if a member broker or dealer fails financially and is not able to meet its obligations. Remember, neither the FDIC nor the SPIC will protect you from the rise or fall of the market value of your investment.”</p>
	<p>► Explain: “Turn to the <i>Nondeposit Investment Products</i> section on Page 4 of your Take-Home Guide.”</p>



Instructor Cue	Instructions
	<p>► Explain: “Since nondeposit investment products are not FDIC-insured, keep these tips in mind:</p> <ul style="list-style-type: none"> ● Before investing in nondeposit products, remember to have enough emergency savings. Many financial experts suggest you have 2-6 months of expenses in a savings or other readily accessible account. ● Never invest in a product you don’t understand. ● Be sure you have enough information before making an investment. Make sure you read your disclosures carefully and find out whether the product is FDIC-insured. Ask questions until you are satisfied. ● Investments always have some degree of risk. Understand the risks before investing. ● Be sure your sales representative knows your financial objectives and risk tolerance.”
	<p>► Explain: “To find out more about your registered sales representative or broker or dealer, call the National Association of Securities Dealers at the number listed in your guide.”</p>
	<p>“Visit the Indiana Department of Financial Institutions’ Web Sites on Investments at: http://www.dfi.state.in.us/conscredit/CIbanking.htm.”</p>





Instructor Cue	Instructions
	<p>► Transition: “We have just discussed nondeposit investment products and tips to protect yourself when considering investing in these funds. We will now look at lending laws and how they protect your rights throughout the loan process.”</p>

Equal Credit Opportunity Act


Instructor Cue	Instructions
	<p>► Explain: “There is a law that protects consumer rights throughout the loan process. This is The Equal Credit Opportunity Act, or ECOA. Because of this law, lenders cannot discourage you from applying for a loan based on certain characteristics.</p> <p>ECOA promotes the availability of credit to all creditworthy applicants without regard to certain factors. These factors are called prohibited bases.”</p>
	<p>► Ask: “What do you think are some characteristics or prohibited bases that lenders cannot use to discourage applying for a loan?”</p>
	<p>► Record the participants’ responses on chart paper.</p>
	<p>► Explain: “The prohibited bases are listed on page 5 of your Take-Home Guide”.</p>

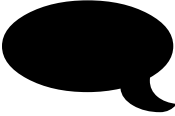

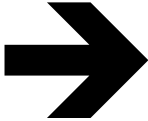
Instructor Cue	Instructions
<div data-bbox="198 237 558 621" data-label="Complex-Block"> <p>Prohibited Bases</p> <hr/> <ul style="list-style-type: none"> ● Race ● Color ● Religion ● National Origin ● Sex ● Marital status ● Age ● Receipt of public assistance ● Exercise of rights under the Consumer Credit Protection Act. <p>4</p> </div> <p data-bbox="331 642 415 674">Slide 4</p>	<p data-bbox="621 214 1203 254">► Show Slide 4 (Prohibited Bases).</p> <p data-bbox="669 302 1386 426">If the participants did not list all of the following prohibited bases, then provide the responses that were missed.</p> <ul style="list-style-type: none"> ● Race ● Color ● Religion ● National Origin ● Sex ● Marital status ● Age ● Receipt of public assistance income (the fact that all or part of the applicant's income is derived from a public assistance program) ● Exercise of rights under the Consumer Credit Protection Act (Example: You cannot be denied a loan because you have filed a complaint against the bank.)
	<p data-bbox="621 1430 1403 1812">► Explain: “Discrimination means to treat someone differently than another. Not all discrimination is illegal. Lenders do not have to make loans to everyone. For example, a lender can deny your request for a loan if you do not have enough income to pay back the loan, if you live in a foreign country, or if you are not old enough to legally sign a contract.”</p>

Instructor Cue	Instructions
	<p>► Explain: “The ECOA restricts the lender from requesting certain information. In general, the lender may not ask:</p> <p>For information about a spouse or former spouse unless the spouse is applying with you. If you are applying for unsecured credit, the lender cannot ask about marital status.</p> <p>If you do not qualify on your own, lenders may require a cosigned or guarantor, but cannot require that it be your spouse. If you are applying jointly or if the loan is secured, the lender may ask about your marital status, but can only use the terms married, unmarried and separated.”</p> <p>(If the applicant lives in a community property state, a lender may request information concerning the applicants’ spouse, Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington, and Wisconsin and community property states.)</p>
	<p>► Explain: “ECOA also restricts the lender from asking:</p> <p>About income derived from alimony or child support unless you want it considered as part of your income. The lender cannot discount or refuse to consider consistent part-time income, annuities, pensions, alimony, or child support payments.”</p>

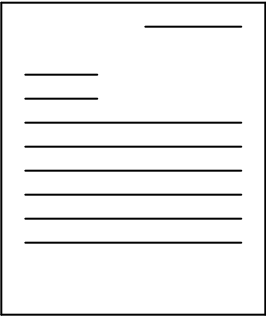

Instructor Cue	Instructions
	<p>► Explain: “A Lender can’t ask about birth control practices or intentions of having children. However, a lender may ask about the number and ages of your dependents.</p> <p>A lender can’t ask whether you are male or female. Courtesy titles, such as Mr., Mrs., Miss, or Ms. can be requested, but do not have to be provided.</p> <p>Finally, a lender can’t ask for your race, color, religion, or national origin.”</p>
	<p>► Explain: “Fair Housing Act (FHA) ³/₄ The Fair Housing Act prohibits discrimination based on race, color, religion, sex, national origin, familial status, or handicap in housing-related transactions.”</p> <p>http://www.fdic.gov/regulations/laws/rules/8000-600.html#8000cra800</p>
	<p>► Explain: “There are a few exceptions, however. Specifically, lenders are required by the government to collect some of this information for home loans.</p> <p>For home loans, the government requires lenders to collect information on race, sex, marital status, and age. Although they will collect this information, they cannot use the information as a factor in deciding whether to grant the loan.”</p>
	<p>“Visit the Indiana Department of Financial Institutions’ Web Sites on Equal Credit Opportunity at:</p> <p>http://www.dfi.state.in.us/conscredit/end.htm#G.”</p>

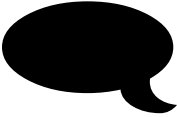



Truth in Lending Act




Instructor Cue	Instructions								
	<p>► Explain: “Another federal law you should be aware of when applying for a loan is the Truth in Lending Act. Lenders must tell consumers how much it will cost to borrow funds. This allows consumers to compare costs.</p> <p>Consumers should be able to shop around for the best loan. The Truth in Lending Act, or TILA, makes credit shopping easier for consumers.</p> <p>TILA requires creditors to provide basic information about the cost of taking out a loan. Credit costs vary from lender to lender, so the written disclosures can help you shop for the best deal.”</p>								
<div><h3>Truth in Lending Disclosure</h3><hr/><p>Finance Charge – the total dollar amount you pay to use credit.</p><p>Annual Percentage Rate (APR) – the percentage cost of credit on a yearly basis.</p><p>Truth in Lending Disclosure</p><table><tr><th>ANNUAL PERCENTAGE RATE The cost of credit as a yearly rate.</th><th>FINANCE CHARGE The dollar amount the credit will cost you.</th><th>Amount Financed The amount of credit provided to you or on your behalf.</th><th>Total of Payments The amount you will have made all scheduled payments.</th></tr><tr><td>12%</td><td>\$675.31</td><td>\$5,000</td><td>\$5,675.31</td></tr></table><p>5</p></div> <p>Slide 5</p>	ANNUAL PERCENTAGE RATE The cost of credit as a yearly rate.	FINANCE CHARGE The dollar amount the credit will cost you.	Amount Financed The amount of credit provided to you or on your behalf.	Total of Payments The amount you will have made all scheduled payments.	12%	\$675.31	\$5,000	\$5,675.31	<p>► Show Slide 5 (Truth in Lending Disclosure).</p> <p>► Explain: “Two of the most important terms to compare on disclosures are the FINANCE CHARGE and the ANNUAL PERCENTAGE RATE, or APR. These terms must be more conspicuous in the federal segregated disclosures.</p> <p>The APR is the percentage cost of credit on a yearly basis. The APR reflects the costs of interest and loan fees. When shopping for credit you should compare the APRs.”</p> <p>► Show the Truth in Lending disclosure example on the slide.</p>
ANNUAL PERCENTAGE RATE The cost of credit as a yearly rate.	FINANCE CHARGE The dollar amount the credit will cost you.	Amount Financed The amount of credit provided to you or on your behalf.	Total of Payments The amount you will have made all scheduled payments.						
12%	\$675.31	\$5,000	\$5,675.31						

Instructor Cue	Instructions
	<p>► Explain: “In Truth in Lending disclosures, the APR and the finance charge will stand out. In this example, you are borrowing \$5,000. The APR is 12% and the finance charge is \$675.31. The total payments come to \$5,675.31. You determine the total payments by adding the amount finance - \$5,000 to the finance charge \$675.31.”</p>
	<p>“Visit the Indiana Department of Financial Institutions’ Web Sites on Questions and Answers about Federal Truth in Lending Disclosures at: http://www.dfi.state.in.us/conscredit/questions_and_answers_til.htm and Applying for Credit at: http://www.dfi.state.in.us/conscredit/C1applying_for_credit.htm.”</p>
	<p>► Transition: “We have discussed laws that protect your rights before and during the loan application process. Now we will discuss what happens if you are turned down for a loan; then we will go into your rights after you have accepted a loan.”</p>

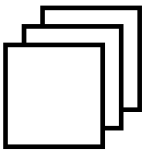


Loan Denial



Instructor Cue	Instructions
<p data-bbox="212 411 464 485">Sample Denial Letter</p>  <p data-bbox="326 919 420 951">Slide 6</p>	<ul style="list-style-type: none"> ▶ Show Slide 6 (Sample Denial Letter). ▶ Explain: “Let’s look at an example: Angela applied for a loan. She is 43, divorced, has two children, and is working part-time. Her loan application was denied. She received a letter similar to the one shown on this slide. <p data-bbox="656 720 1435 926">The lender must notify you in writing if your loan application has been approved or denied within 30 days of the completed application. This notification is required by ECOA.”</p> <ul style="list-style-type: none"> ▶ Explain and show on this slide the following: <ul style="list-style-type: none"> “The notice will contain: ● The name and address of the creditor ● The name and address of the federal agency you can write to if you feel you have been discriminated against, and ● Either a statement of specific reasons for denial or a notice that you may request the specific reasons for your denial.”
	<ul style="list-style-type: none"> ▶ Explain: “If you are denied credit because of information in your credit report, the lender is required to notify you. This notification is required by the Fair Credit Reporting Act, or FCRA. The notice is usually combined with your denial notice.”

Instructor Cue	Instructions
	<p>► Explain: “The FCRA notice should contain:</p> <ul style="list-style-type: none"> ● The name, address, and telephone number of the consumer reporting agency that provided the report to the lender. ● A statement that the consumer reporting agency did not make the decision to deny your application. ● A notice of your right to obtain a free copy of your credit report within 60 days of receiving the notice. ● A notice of your right to dispute the information in your credit report.”
	<p>► Explain: “The <i>To Your Credit</i> course covers credit reports and how to correct inaccurate information.”</p>
	<p>“Visit the Indiana Department of Financial Institutions’ Web Sites on Credit Reporting at: http://www.dfi.state.in.us/conscredit/CIcredit_reporting.htm.”</p>
	<p>► Ask: “What should you do if you think you have been denied a loan based on prohibited bases?”</p> <p>► Discuss answers, See slide 4.</p>

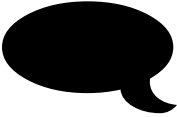

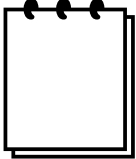
Instructor Cue	Instructions
	<ul style="list-style-type: none"> ▶ Ask: “What action can you take if you feel you have been denied a loan based on a prohibited basis?” ▶ Answer: <ul style="list-style-type: none"> ● Complain to the creditor in writing and keep a copy. The lender may find an error and reverse the decision. ● Report possible violations to the appropriate government agency. the agency’s name and address will be listed on your denial notice. ▶ Explain: “See the <i>Resource List</i> on page 13 of your Take-Home Guide for additional information about government agencies.”
	<ul style="list-style-type: none"> ▶ Explain: “In our example, Angela feels she has been denied credit because she is female. She wrote a complaint letter to the creditor and reported the possible violation to the proper government agency. The institution investigated her complaint and found they did not consider her public assistance income. The decision was reversed and Angela and the loan was made.”
	<ul style="list-style-type: none"> ▶ Transition: “There are also laws that protect your rights after you get a loan. The first law we will discuss is the Fair Debt Collection Practices Act or FDCPA.”

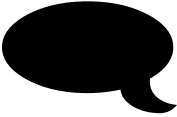

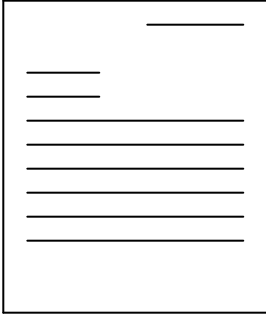
Fair Debt Collection Practices Act



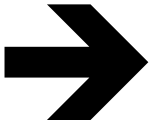
Instructor Cue	Instructions
	<p>► Prompt: “Turn to page 6 of your Take-Home guide if you want to follow along.”</p>
	<p>► Explain: “The Fair Debt Collection Practices Act helps eliminate abusive debt collection practices by debt collectors hired by the creditor. The Act does not pertain to the collection activities of the creditor.</p> <p>As a result of the FDCPA:</p> <ul style="list-style-type: none"> ● Debt collectors cannot contact you at any unusual time or place. Before 8:00 a.m. or after 9:00 p. m. ● They cannot contact you at work if you have informed them not to call you there. ● They cannot use threat or violence or other criminal means to harm you or your property. ● They cannot call you with the intent to annoy, abuse, or harass. ● They cannot use deceptive or misleading methods to collect debt.”
	<p>► Explain: “If you feel the Fair Debt Collection Practices Act has been violated, contact the appropriate federal regulatory agency. See the <i>Resource List</i> section in your Take-Home Guide”</p>

Instructor Cue	Instructions
	<p>“Visit the Indiana Department of Financial Institutions’ Web Sites on Debt Collection at: http://www.dfi.state.in.us/conscredit/end.htm#J.”</p>
	<p>► Transition: “Another law that protects your rights after you get a loan is the Fair Credit Billing Act.”</p>

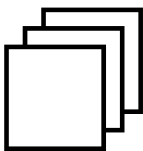
Fair Credit Billing Act



Instructor Cue	Instructions
	<p>► Explain: “The Fair Credit Billing Act requires creditors to promptly credit payments and correct billing mistakes for open-end accounts, such as credit cards. It also allows you to withhold payments on defective goods. The Electronic Fund Transfer Act and the Truth in Lending Act Also have methods for correcting billing errors.”</p>
	<p>► Ask: “What are some examples of billing errors?”</p>
	<p>► Record the participants’ responses on chart paper.</p> <p>► “Examples of billing errors include:</p> <ul style="list-style-type: none">● A charge for something you did not buy.● A charge that is different from the actual purchase price.● An error in math (The total does not add up, or there is an error in the interest added.)”

Instructor Cue	Instructions
	<p>► Explain: “If you think there is an error on your bill, you should:</p> <p>Within 60 days of receipt of your incorrect bill, notify your creditor <u>in writing</u> and keep a copy. You should always include your name, account number, and what you believe is the error.</p> <p>The lender is required to acknowledge your written letter within 30 days. Within 90 days, the lender must either correct the problem or explain why they believe the bill is correct.”</p>
	<p>► Explain: “Last month, Jane noticed she was charged twice for her \$150 purchase at the ABC department store. She decided to make a written complaint to her credit card company. Knowing the consumer protection laws made Jane feel more confident about how to resolve these problems.”</p>
<p>Sample Complaint Letter</p> <hr/> <div data-bbox="245 1430 509 1745">  </div> <p>Slide 7</p>	<p>► Show Slide 7 (Sample Complaint Letter).</p> <p>► Explain: “Turn to the Sample Complaint Letter on page 7 of your Take-Home Guide. This is a sample of a complaint letter that would be written for the problem just discussed about Jane. In this letter Jane would write about being charged twice for the same item.”</p> <p>Instructor Note: On the letter point out where Jane would include her name, account number, and what she believed was the error.</p> <p>► Explain: “In this letter Jane would also include how and when she expected the problem to be resolved and how she could be reached.”</p>






Instructor Cue	Instructions
	<ul style="list-style-type: none"> ▶ Ask: “If the letter did not produce the desired results, how was Jane going to follow-up?” ▶ Answer: She was going to write to the credit card company’s regulator.
	<p>“Visit the Indiana Department of Financial Institutions’ Web Site on Fair Credit Billing at:</p> <p>http://www.dfi.state.in.us/conscredit/billing.htm.”</p>
	<ul style="list-style-type: none"> ▶ Transition: “Sometimes your letter to your creditor does not get the satisfaction you wish and you will need to write the financial institution’s regulator.”






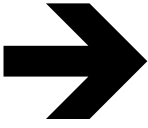
Complaint Letter to the Regulators

Instructor Cue	Instructions
	<ul style="list-style-type: none">▶ Explain: “Turn to <i>Resolving Complaints</i> by Writing to the Regulators on page 8 of your Take-Home Guide. When you write to the regulators or any other organization, help the organization investigate your complaint as quickly as possible by stating the problem briefly.● Tell them what occurred.● Include your full name, address, and daytime and evening telephone numbers with area codes.● Provide the complete name and address of the financial institution, along with the names of employees who have assisted you with your problem.● You will also need to include pertinent account information such as account numbers and type of product you have, such as a checking account, savings, account home equity loan, etc.● Include important dates, such as the date a transaction took place or the date you contacted the financial institution about your problem, and● Send copies of documents that may help explain your problem. Keep original documents.● Be sure to sign and date your letter.”


Instructor Cue	Instructions
	<p>“Visit the Indiana Department of Financial Institutions’ Web Site on How to File a Complaint Against a State Chartered Bank at: http://www.dfi.state.in.us/conscredit/bank_complaint.htm and If You Have a Problem With a National Bank at: http://www.dfi.state.in.us/conscredit/problem_with_a_nat_bank.htm.”</p>
	<p>► Transition: “We have discussed consumer rights throughout the loan process. Now we will go over some additional loan information.”</p>

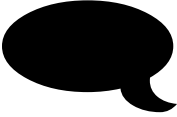

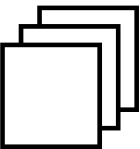
Additional Loan Information



Instructor Cue	Instructions
	<ul style="list-style-type: none"> ▶ Explain: “If you get a home loan or are considering leasing- such as leasing a car- there are a few other laws you should know about.”
	<ul style="list-style-type: none"> ▶ Prompt: “Look at page 3 of your Take-Home Guide. <p>This exercise will give you a chance to use your Take-Home Guide. I will describe situations and you tell me which law applies.”</p>
	<ul style="list-style-type: none"> ▶ Ask: “You are applying for a home loan. Which law requires that lenders provide you with accurate and timely disclosures of the costs of settlement?” ▶ Answer: Real Estate Settlement Procedures Act (RESPA)
	<p>“Visit the Indiana Department of Financial Institutions’ Web Site on Mortgage Loan Closing at:</p> <p>http://www.dfi.state.in.us/conscredit/CImortgage_infor.htm###c.”</p>
	<ul style="list-style-type: none"> ▶ Ask: “Which law gives consumer the right to cancel certain types of home loans within three days?” ▶ Answer: Truth in Lending (TIL)



Instructor Cue	Instructions
	<p>“Visit the Indiana Department of Financial Institutions’ Web Site on Right of Rescission at: http://www.dfi.state.in.us/conscredit/right_of_rescission.htm.”</p>
	<ul style="list-style-type: none"> ▶ Ask: “You are planning to lease a car and you want to compare the leases from several companies, which law requires that disclosures be made so consumers can compare the costs and terms of one lease with another?” ▶ Answer: Consumer Leasing Act (CLA)
	<p>“Visit the Indiana Department of Financial Institutions’ Web Site on Autos/ Leasing at: http://www.dfi.state.in.us/conscredit/Clauto_creditleasing.htm .”</p>
	<ul style="list-style-type: none"> ▶ Ask: “Which law prohibits discrimination based on race, color, religion, sex, national origin, familial status, or handicap in housing-related transaction?” ▶ Answer: Fair Housing Act (FHA)
	<ul style="list-style-type: none"> ▶ Ask: “What do these laws mean to you?” ▶ Guide a brief discussion and check for understanding of the material that has been presented.
	<ul style="list-style-type: none"> ▶ Transition: “We just identified additional laws that can help you for home loans and leasing. We are now going to discuss loan scams.”



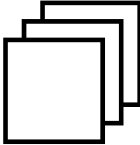

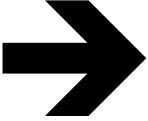
Loan Scams

Instructor Cue	Instructions
<div data-bbox="199 380 561 856"> <h3>Predatory Lending</h3> <p>The Following are tactics that can be considered predatory:</p> <ul style="list-style-type: none"> ● High-pressure and misleading sales pitches. ● Excessive fees and interest rates beyond what is necessary to cover the risk and make a profit. ● “Packing on” or requiring unnecessary products that are included in the loan balance. ● Large prepayment penalties that are intended to trap the borrower in an unfavorable or unaffordable loan. ● Payments that increase over time and have unrealistic repayment terms. ● Loan flipping or frequent refinancing with fees folded into the loan balance that results in rising loan balances and decreases the equity in your loan, and ● Aggressive and abusive collection practices. <p>8</p> </div> <p data-bbox="326 856 440 894">Slide 8</p>	<ul style="list-style-type: none"> ▶ Show Slide 8 (Predatory Lending). ▶ Explain: “You may have heard about predatory lending on the news.” <p data-bbox="656 558 1252 596">Read the bullets listed on the slides.</p> <ul style="list-style-type: none"> ▶ Explain: “Predatory lending takes many forms. Abusive practices can occur in the mortgage, home equity, credit card, auto lending, and payday lending markets. <p data-bbox="656 856 1409 1234">Most of the know abusive practices occur in home equity and refinance loans. Predatory lending tend to occur in low-income neighborhoods, particularly those with a large number of elderly or minority homeowners. Most of the problems occur with financial institutions that are not federally-regulated, such as finance companies.</p> <p data-bbox="656 1283 1425 1493">Predatory lending, especially refinance and home equity, often affects the subprime market since these borrowers may have fewer options for getting credit and are often less financially sophisticated.”</p>
	<ul style="list-style-type: none"> ▶ Ask: “Can anyone explain what is meant by subprime lending?” ▶ Answer: Subprime lending is generally defined as extending credit to borrowers who have a higher risk of default than traditional or prime bank lending customers.



Instructor Cue	Instructions
	<ul style="list-style-type: none"> ▶ Explain: “Subprime lenders provide loans to borrowers with credit history problems. However, subprime lenders charge higher interest rates and loan fees to offset the higher costs related to lending to borrowers with credit history problems. <p>Subprime lending can be beneficial, if performed in a fair, reasonable, and legal manner. It can help serve a traditionally underserved population. If the borrower needs money, has had credit difficulty in the past, or is currently too deep in debt, a subprime loan may be the only alternative available.</p> <p>Most predatory loans are made to subprime borrowers, but not all subprime loans are predatory.”</p>
	<ul style="list-style-type: none"> ▶ Ask: “How can you avoid predatory loans?” ▶ Go over the responses.
	<ul style="list-style-type: none"> ▶ Prompt: “See the <i>Predatory Loans</i> section on page 9 of your Take-Home Guide for additional information about predatory loans.” ▶ Go over some of the tips from the Take-Home Guide that were not mentioned by participants.

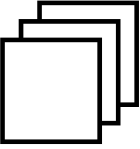

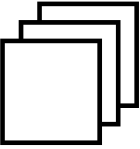

Instructor Cue	Instructions
<div data-bbox="203 262 503 751"> <p>Predatory Loan Offer?</p> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>  <p>97</p> </div> <p>Slide 9</p>	<ul style="list-style-type: none"> ▶ Show Slide 9 (Predatory Loan Offer?). ▶ Distribute letter handout to participants. ▶ Read the letter on the slide. ▶ Explain: “This offer is from a loan broker. They find a lender for you for an additional fee. It is always best to deal directly with a mortgage lender.”
	<ul style="list-style-type: none"> ▶ Ask: “What is wrong with this offer?” ▶ Answer: If participants do not provide the following answers, point out the following areas of concern on the slide and provide these explanations: <ul style="list-style-type: none"> 125% of your home’s value: It can be dangerous to borrow more than your home is worth. If you stop making payments, you can lose your house and still owe money. Incredibly low monthly payment: There is no disclosure as to how the lender intends to calculate monthly payments. There is a possibility the lender might have you pay only interest and not the principal, so you’ll never pay off the loan. No upfront fees: Be careful of loans that promise no upfront fees. This does not mean there are no fees. Many times, there are expensive fees added on to the cost of the loan and you will pay interest on these loan fees. This can be very costly.

Instructor Cue	Instructions
	<p>Even if you have a bad credit history: Beware of lenders who promise you loans even if you have a bad credit history. If you have a bad credit history, you will most likely pay higher interest rates and more expensive loan origination fees. All lenders take your credit history into account. Some predatory lenders have been known to target high-cost home improvement loans to low-income homeowners. Predatory lenders knowingly make loans to homeowner that can not make the monthly payment. They would rather foreclose on the house and take the equity.</p> <p>It's free and you have nothing to lose: If it sounds too good to be true, it probably is. Even though the initial loan evaluation is free, there are other ways predatory lenders will take money from you. There might be hidden fees.</p> <p>Act now, this is a limited time offer: Beware of "limited-time offers.: Many predatory lenders try to pressure you into acting fast, even though you are not comfortable with the loan conditions.</p>
	<p>► Explain: "If you think you are a victim of a predatory loan, contact an attorney. Most communities have legal offices that provide free legal services to individuals with limited income. Look in the community services pages of your phone book or look in the white pages under 'Legal Services of...' for the phone number of the local program."</p>

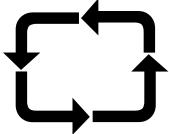

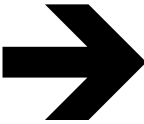
Instructor Cue	Instructions
	<p>► Explain: “The American Bar Association has a directory of pro bono programs or volunteer lawyer programs. The programs use local lawyers who have agreed to provide free legal services. There is a link listed on page 9 of your Take-Home Guide that can help you find a program in your area.”</p>
	<p>► Ask: “What would you do if your wallet or purse was stolen?”</p> <p>► Have participants call out the answers and write them on chart paper.</p>
	<p>► Prompt: “Turn to the <i>Losing Your Wallet</i> section on page 10 of your Take-Home Guide. In addition to what you suggested, the Federal Trade Commission, the FTC has some suggestions.”</p> <p>Go over some of the suggestions from the Take-Home Guide that were not mentioned by participants.</p>
	<p>► Explain: “Keep in mind the phone numbers listed in your guide may change. For phone conversations, remember to write down the name of the contact person and the date of the call.”</p>
	<p>► Transition: “We just identified loan scams. We are now going to discuss identity theft.”</p>

Identity Theft

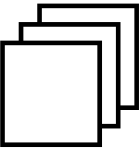
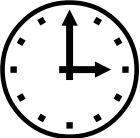

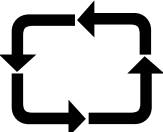
Instructor Cue	Instructions
	<p>► Explain: “Even worse than getting your wallet stolen, however, is identity theft or ID theft. There have been many cases of ID theft.</p> <p>With ID theft, thieves take personal information about you such as your Social Security number, credit card numbers, or other information. They might take it from your wallet, purse, mailbox, trash, or any other means.</p> <p>The thieves might call your credit card companies and pretend to be you. They might ask to change the mailing address on your credit card account. Then they use your credit card number to charge goods and services.</p> <p>They might even open a new credit card account using your name, birth date, and Social Security number. If they use your name and Social Security number, the charges can show up as a delinquent account on your credit report since they will not pay the bill. The thieves could even open a bank account in your name and write bad checks.”</p>
	<p>► Ask: “Can you think of some ways to avoid ID theft?”</p> <p>► Have participants call out the answers and write them on chart paper. Go over any points that were missed.</p>

Instructor Cue	Instructions
	<ul style="list-style-type: none"> ▶ Prompt: “Turn to the <i>Identity Theft</i> section on page 11 of your Take-Home Guide. In addition to what you suggested, the Federal Trade Commission, the FTC, has some suggestions.” ▶ Go over some of the suggestions from the Take-Home Guide that were not mentioned by participants.
	<ul style="list-style-type: none"> ▶ Explain: “If you think your identity has been stolen, the FTC recommends you should take action immediately and keep records of your conversations and all correspondence.”
	<ul style="list-style-type: none"> ▶ Prompt: “Websites and phone numbers where you can get more information regarding identity theft are listed on page 12 of your Take-Home Guide.”
	<p>“Also Visit the Indiana Department of Financial Institutions’ Web Site on Identity Theft at: http://www.dfi.state.in.us/conscredit/end.htm#ID.”</p>

Course Summary

Instructor Cue	Instructions
	<p>► Summarize the course: “Congratulations! You’ve completed the <i>Your Rights</i> course. We’ve covered a lot of information today about your rights such as:</p> <ul style="list-style-type: none"> ● Laws that protect your rights as banking consumer ● Ways to avoid scams ● Ways to protect your identity, and ● How to resolve complaints regarding your bank account.
	<p>► Ask: “Are there any questions?”</p> <p>► Answer any questions as time permits.</p>
	<p>► Transition: “To improve the course, we will need your feed back. The After-the – Course column on the <i>What Do You Know</i> form and <i>Course Evaluation</i> will identify changes that can make this course better.”</p>

End of Course Evaluation

Instructor Cue	Instructions
	<p>► Explain: “Please complete the After-the Course column and the <i>Course Evaluation</i>. These forms are the last two pages of your Take-Home Guide.”</p>
	<p>► Allow time for participants to complete it.</p> <p>► Collect the What Do You Know and Course Evaluation forms.</p>
	<p>“Visit the Indiana Department of Financial Institutions’ Web Site for additional information at:</p> <p>http://www.dfi.state.in.us/conscredit/end.htm#M.”</p>
	<p>► Conclusion: “Great job on completing the <i>Your Rights</i> course! Thank you for participating.”</p>

Handouts

- Predatory Lending Offer?

Predatory Lending Offer?

Dear Homeowner,

Do you want extra cash? **AAA Lender** can help you get the money you have been hoping for. Our free services have already helped thousands of homeowners get low interest loans to consolidate bills and get out of debt.

We are a top-rated professional referral agency and our mission is to provide homeowners, like yourself, with carefully selected lenders. We use the best network of affiliated mortgage banking companies in the country! We have hundreds of lenders across the United States ready to meet your individual needs.

We can provide you with lenders who will loan you up to 125% of your home's value!

Best of all, our lenders offer the lowest interest rates available and they can set you up with an incredibly low monthly payment!

There are no upfront fees! This means you won't pay a dime, so you have absolutely nothing to lose! You may qualify for up to 125% of the value of your home or \$100,000 even if you have no equity in your home; even if you have a bad credit history.

Here are just some of the ways you can put this cash to use:

- Home improvements
- Credit card debt
- College tuition
- Dream vacation
- A new car
- Start your own business
- or whatever else you need

You owe it to yourself to request your free loan evaluation. It's free and has nothing to lose. Call us now and find out how easy it is. Act now, this is a limited time offer.

Your loan can often be approved within 24 hours and you can have the cash in your hands within 1-2 weeks!

Sincerely

AAA Lender